



FOR IMMEDIATE RELEASE

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FACT SHEET

CITY'S ACCESS TO WALL STREET BOND MARKET RESTORED: STANDARD & POOR'S RESTORES CREDIT RATING, GIVES "POSITIVE OUTLOOK"

Rating Agency Credits Sanders' Management Improvements as Driver of Most Significant Event in the Past 4 Years

Almost two months after Fitch Ratings upgraded its rating on San Diego's credit to "Positive," Standard and Poor's Ratings Services (S&P) today restored the City's various credit ratings and also assigned a "Positive" outlook to the City. The agency credited a number of factors including financial and managerial reforms introduced by Mayor Jerry Sanders, good reserve levels and a diverse regional economy as the primary reasons for the assignment of its ratings. The agency also signaled that as the reforms initiated by Mayor Sanders continue, S&P would consider raising the rating into the next category.

In 2004, S&P suspended the City's various ratings, effectively blocking San Diego from Wall Street's municipal bond market. The restoration of the ratings means that San Diego will once again have access to the bond market and be able to finance critical infrastructure projects, such as water, wastewater and deferred maintenance projects, at rates more attractive to taxpayers.

Ratings assigned by Standard & Poor's Ratings Service:

General Obligation Bonds	A
General Fund Backed Lease Revenue Obligations	A-
Outlook/Watch	Positive
Wastewater System Obligations	A+
Water System Obligations	AA-/A+
Outlook/Watch	Stable

S&P also credited the release by Mayor Sanders of the City's long-overdue financial statements for Fiscal Years 2003-2006 and well as increased funding to the City's pension system as two additional reasons for the ratings.

MAYOR HAS RECORD OF IMPORTANT FINANCIAL ACCOMPLISHMENTS

This critical milestone is just the latest in a long series of financial accomplishments by Mayor Sanders, as follows:

- Issued four sets of audited financial statements for FY03-FY06 in one year after a three year hiatus. Prior to the end of the 2008 calendar year, the City is on track to issue the two remaining financial statements for FY07 and FY08.
- Streamlined City operations to save over \$50 million annually and eliminated 670 staff positions. The 670 positions eliminated represent 9% of all non-public safety employees. As part of his FY09 budget, the Mayor is proposing the elimination of additional 127 positions resulting in an additional \$10 million in permanent yearly savings. If approved by the City Council, 795 positions or 10.3% of all non-public safety positions will have been eliminated resultin in savings of over \$60 million.
- Established a Five Year Financial Outlook that funds long-term obligations including deferred maintenance. Over the next six years, the City will dedicate \$781 million to deferred maintenance and capital improvements, including street repairs.
- Proposed a new Retirement Plan for future non-public safety employees and have held the line on salary and benefit increases for employee groups.
- Instituted tough new financial controls. As of today, 76% of the internal financial control recommendations made in the Kroll Report have been implemented or are substantially complete.
- Appointed the City's first-ever CFO and appointed a new Internal Auditor. The Mayor will double the Auditor's staff resources in FY09.
- Accomplished all of the above without raising taxes.

RATING RESTORATION IS MOST SIGNIFICANT FINANCIAL NEWS IN 4 YEARS

The City's recent history with the three credit rating agencies:

- **February 2004:** All three Rating Agencies place the City on Negative Outlook or Credit Watch. Fitch Ratings and Standard & Poor's downgrade the City's credit ratings.
- **April 2004:** Moody's Investor Services places the City's on its "Watchlist for Possible Downgrade."
- **August 2004:** Moody's Investor Services downgrades the City's credit ratings.
- **September 2004:** Standard & Poor's suspends the City's credit rating. Moody's Investor Services further downgrades the City's credit ratings.
- **February 2005:** Fitch Ratings further downgrades the City's credit ratings.
- **May 2005:** Fitch Ratings further downgrades the City's credit ratings.
- **August 2005:** Moody's Investor Services further downgrades the City's credit ratings.
- **March 2008:** City issues FY06 Financial Statements. Days later, Fitch Ratings changes City's Rating Watch to "Positive" from "Negative."
- **May 15, 2008:** S&P restores City's Ratings and Assignes "Positive Outlook" once again allowing city to borrow on Wall Street